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C O N F I D E N T I A L TEL AVIV 001633

SIPDIS

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TAGS: EFIN PTER ETTC KTFN IS COUNTERTERRORISM ECONOMY AND FINANCE ISRAELI SOCIETY

SUBJECT: TERRORISM FINANCE: 2005 UPDATE NO. 2

REF: SECSTATE 32688

Classified By: Economic Counselor William Weinstein for reasons 1.4 (b) and (d)

The following is a response to reftel request:

**¶11.** (U) No assets connected to the Taliban have been found in Israel. No assets related to Usama bin Laden or the Al-Qaida organization, and individuals or entities associated with them, have been detected in Israel.

**¶12.** (U) There are no impediments for more robust cooperation with the GOI on co-sponsoring designations. The GOI is very supportive of actions to interdict terrorism finance.

**¶13.** (C) The GOI would likely be willing to accept USG training and/or technical assistance to disrupt terrorism financing, but it may also emphasize intelligence-sharing to enhance its anti-terrorism financing regime. The GOI has broad and comprehensive legislation in place that allows for identifying, freezing, seizing, and forfeiting terrorist finance-related assets. This includes:

--Legislation generally providing for the seizure of items which were used, or which were about to be used, in the commission of an offense, or given as payment for its commission.

--Legislation specifically providing for the confiscation of terrorist finance-related property: the Prevention of Terrorism Ordinance (1948) and the Defense Regulations (State of Emergency) (1945) contain specific provisions for identifying, freezing, seizing, and forfeiting terrorist finance-related assets.

--The Prohibition on Terrorist Financing Law, adopted by the Israeli Parliament on December 29, 2004, provides additional tools for such actions. This law also includes specific references to acts of terrorism that have no connection to Israel and further enhances Israel's ability to provide assistance to other countries in combating the financing of terrorism.

The GOI, however, is appreciative of information on terrorist finance networks, particularly when it relates to Palestinian terrorist organizations such as Hamas and the Palestine Islamic Jihad, and to Hizballah.

**¶14.** (C) Post would rank Israel at "medium" risk of being used to raise or bank significant amounts of dollars for terrorism financing. While the Taliban, Usama Bin Laden, and Al-Qaida may not be present in Israel, many other terrorist organizations such as Hamas, the Palestine Islamic Jihad, and the Al-Aqsa Martyrs' Brigade are present and have extensive charity networks. Recent investigations into money laundering offenses suggest there may be some weaknesses in the banking sector.

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